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FOR USDA/FAS/ITP/PSHEIKH/JFLEMMINGS, DLP/HWETZEL,
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USTR FOR JUSTIN BUNTIN

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SUBJECT: DISCUSSIONS IN EGYPT ON POULTRY IMPORTS

Ref: CAIRO 4481

Sensitive but unclassified. Not for internet distribution.

¶1. (SBU) The Ambassador and FAS Minister Counselor met with Minister of Agriculture Amin Abaza August 8 to discuss Egypt's previously announced plans to temporarily lift poultry tariffs and restrictions in advance of Ramadan (reftel), and to relay USG dissatisfaction regarding the conditions under which imports would resume. The Ambassador emphasized the U.S. is pleased about eased tariffs for whole chickens, but expressed disappointment that poultry parts imports are still banned. Abaza responded that allowing the entry of poultry parts would destroy Egypt's domestic industry, and stressed the industry and the press would be highly critical. The Ambassador said he understood local political concerns, and that was not in the U.S. interest to harm Egypt's poultry industry, but that the U.S. wants market access. Abaza countered that lifting tariffs is a temporary measure, through the end of December, and questioned whether the U.S. will be interested in trade when the 32 percent import tariff is re-implemented.

¶2. (SBU) The Ambassador responded that the USG and industry are interested in trade, but noted that provisions set forth for resuming trade are restrictive and burdensome, particularly the requirement that each shipment be inspected by Egyptian authorities. Since Egypt has accepted that the U.S. meat safety system is equivalent to its own, additional inspection requirements are redundant. Abaza pointed out that the Ministry of Trade has authority to set the parameters for poultry imports. In the end, Abaza said he would reconsider the matter. He then asked about assistance from the American Soybean Association to restructure Egypt's poultry industry. (Note: FAS had discussed this with Abaza previously.) The Ambassador said the U.S. industry would be open to discuss ways to assist Egypt's poultry industry, but with a view toward the eventual easing of restrictions on poultry imports.

¶3. (SBU) In a separate meeting, FAS Minister Counselor met with Egypt's Under-Secretary for Animal Production Fekry el Karaby, Senior Advisor to the Minister Saad Nassar, and Chief Veterinary Officer (CVO) Ahmad Tawfik to obtain more information on Egypt's rationale for the current onerous requirements on whole bird imports. The officials said the Ministry of Trade had set conditions for resuming imports, and the CVO claimed not to be familiar with the technical requirements. (NOTE:

Veterinary Services is generally considered the competent authority for establishing technical requirements on meat and poultry imports; not the Ministry of Trade). FAS left a set of written questions about the new requirements. The officials said they would review the questions and respond in a timely manner. In the meantime, however, a US exporter will be shipping 5000 mt of frozen whole chickens to Egypt in the near future. The Agriculture Ministry has issued a decree authorizing two Egypt inspectors to go to the US and oversee the Halal procedures for these chickens.

14. (SBU) COMMENT: FAS does not expect the US exporter will have any problem complying with Halal procedures, and will facilitate travel to the US by the Egyptian inspectors. We hope to convince the GOE that Halal for chicken parts is a non-issue as well, although we expect continued opposition from domestic industry which fears the competition, even in this period of short domestic supply. In our view, absent continued severe domestic poultry shortages and a steep increase in prices, Egypt is unlikely to remove the ban on parts imports.

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